Los Angeles co. [chief administrative officer]

SERVICES PLANNING AND ANALYSIS SYSTEM (SPAS)

What is SPAS?

SPAS is an administrative planning process. It is not a computerized system.

As an administrative planning process, SPAS is:

-- Multi-year because service programs are analyzed in terms of their operation for 3 to 5 years into the future.

-- Comprehensive because all County service programs would be analyzed.

-- Continual because analysis occurs all year.

What Does SPAS Produce?

The end product of SPAS is a County-wide Services Plan:

-- The Services Plan lists in priority order (by department, by functional groups of departments, and County-wide) all County service programs.

-- The Services Plan also shows the cost, associated revenues and net County cost of service programs, and estimates of non-service program associated revenues (e.g. Property Taxes).

The benefits of the Services Plan are:

-- Concentrated attention is given to analyzing and prioritizing service programs.

-- It provides a basis for allocating financial resources.

    Starting with the highest priority service program(s)
    and going down the list, service programs can be approved
    for operation until the total net County cost of the
    approved service programs equals expected non-service
    program associated revenues.

How Does SPAS Work?

As coordinated and guided by the CAO, existing departmental planning operations will:

-- Identify County-wide service needs and service programs which are or should be developed to meet those needs.

-- Estimate on a multi-year basis costs and revenues of operating service programs.

-- Develop service plans for service programs which describe specific services to be provided and explore alternatives for contracting, expanding, and delivering those services.

The CAO, assisted by the departments, will:

-- Estimate other revenues (e.g. property tax revenues) on a multi-year basis.

-- Prioritize service programs by department, by functional groups of departments, and County-wide.

-- Develop a County-wide Services Plan which provides for the operation of the highest priority service programs at specified service levels and within expected available financial resources.

How Does SPAS Fit in with Program Budgeting and FIRM?

The service "programs" identified in SPAS are the same programs for which we will eventually make budgetary recommendations to the Board, and by which FIRM will be able to track actual costs and revenues. Basically:

-- SPAS projects programs, costs and revenues, and analyzes and prioritizes programs.

-- Program Budgeting allocates resources on the basis of programs (i.e. related work efforts) designed to accomplish specified outputs. As part of the budgeting process, programs are evaluated in terms of efficiency and effectiveness.

-- FIRM is a computerized accounting system for tracking actual costs and revenues on a program and line-item basis, comparing actual to budgeted amounts, and for providing data on program performance (e.g. unit costs, etc.).

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LOS ANGELES COUNTY

SERVICES PLANNING AND ANALYSIS SYSTEM (SPAS)

GENERAL DESCRIPTION

County pl. LA co.

August 14, 1973

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SPAS - GENERAL DESCRIPTION

I. OBJECTIVE #1: DEVELOP COUNTY MASTER SERVICE PROGRAM PLAN

A. SYSTEM INTRODUCTION PHASE (Tasks Number 1-8 of Implementation Plan)

The Los Angeles County Services Planning and Analysis System (SPAS) will not work without the direct involvement and support of CAO management, CAO staff, department heads, and departmental staffs. The SYSTEM INTRODUCTION PHASE is designed to provide an orientation to SPAS, and to enable affected persons to review and react to the SPAS. Their impact is necessary because:

1. CAO Management and Department Heads

Previous governmental experience with long-range planning and program budgeting systems has shown that top management support is essential to successful implementation. The SPAS is no different. Top County management must understand the system, believe it is necessary, and be willing to commit sufficient staff to make it work.

2. CAO Staff

CAO team leaders and staff play a key role in the SPAS. They will provide direct contact with line department staff who possess the substantive expertise to develop realistic service plans. For this reason, CAO staff must understand and be able to explain the details of the SPAS implementation plan.

3. Line Department Staff

Line departmental staff will also play a key role by developing service plans. To ensure appropriate and consistent results from all departments, and to ensure that the SPAS will become an ongoing system, line department staff must understand and use the SPAS as part of the budgetary cycle.

B. PHASE I - DETERMINE SERVICE NEEDS (Tasks Number 9-17 of Implementation Plan)

The Service Planning and Analysis System will include an ongoing capability to: 1) identify and analyze current service needs, 2) estimate future service needs, and 3) determine which service needs are to be met.

1. Identify and Analyze Current Service Needs

    a. Inventory of Service Needs Being Met

    The inventory of current services provided by public and private agencies will give a good initial approximation of service needs. Of course, this assumes that a service would not be provided unless there is a need for it. The inventory process includes describing the service provided in terms of: what is done, why it is done, how it is done, where it is done, how often it is done, and for whom it is done.

    b. Inventory of Service Needs which Should Be Met

    Service needs presently being met do not necessarily reflect all service needs. Therefore, the inventory of service needs should also reflect those service needs not being met but which should be met.

    c. Analyze Factors Affecting All Service Needs

    The inventory of all service needs (i.e., service needs being met and service needs which should be met) will include an analysis of the factors which modify those service needs. Examples of those factors might be:

    -- population changes
    -- demographic characteristics
    -- changes in the economy

    By understanding and later monitoring changes in these factors, we will be in a better position to estimate changes in the service needs.

d. Identify Data Sources which Provide Information about Factors

Since the factors affecting service needs will be monitored, it is necessary to identify the most appropriate sources of data which describe the factors. Further, to insure that the basic data used is consistent on a County-wide basis, data sources need to be catalogued and monitored by a central staff agency.

2. Estimate Future Service Needs

a. Obtain and Analyze Historical Data Concerning Service Needs

The inventory of current service needs describes "what is". However, to fully understand "what is" we also need to know how it got that way, i.e., we need historical data. From the historical data, we can discern trends and verify our understanding of how the factors affecting the service needs interrelate.

b. Identify Appropriate Techniques for Estimating (i.e., Projecting and Forecasting) Future Service Needs

Through analysis of current service needs and historical data on how those needs developed, it will be possible to estimate future service needs. To ensure the reasonableness of these estimates, and the consistency and compatibility among all service need estimates, standard estimating techniques must be identified and followed.

c. Project Future Service Needs

Projecting is a process of estimating the future based on: 1) experience (i.e., historical data), and 2) the basic assumption that the "mix" of factors and/or trends which determined the experience will continue unchanged into the future. Basically, the process of projecting involves the identification of trends and extension of those trends into the future. An example of projecting would be the use of linear and non-linear regression analysis.

d. <u>Forecast Future Service Needs</u>

Forecasting is a process of estimating the
future based on: 1) experience (i.e.,
historical data), 2) assumptions concerning
how factors, trends and policies which de-
termined the past will change in the future;
and 3) judgments concerning how new technologies,
new policies, etc., may affect the future. By
changing the "mix" of experiences, assumptions,
and judgments, various alternative views of
the future can be developed. An example of
forecasting would be the use of simulation and
modeling techniques.

e. <u>Synthesize Service Need Projections and Forecasts</u>

Given the various alternative "futures" identi-
fied by projecting and forecasting techniques,
it is necessary to combine and/or choose among
each to develop the most probable estimate of
future service needs.

3. <u>Determine Service Needs to be Met</u>

a. <u>Determine Appropriate Role of Public/Private
Sector, and Federal/State/Local Government</u>

Some service needs should appropriately be met
by private agencies as opposed to public agencies,
or by levels of government other than the County.
Current and future service needs should be screened
to determine which service needs properly fall
within the purview of County government.

b. <u>Determine Relative Importance of Service Needs
Within County Purview</u>

Relative importance among service needs will be
determined by ranking service needs according
to various indices. Such indices will be
selected so that all service needs can be assigned
a value--e.g., number of people affected, number
of deaths involved, number of buildings destroyed
by fire, degree of community or political support,
etc. The service needs ranking high on common
indices can be assumed to have a higher priority
than those which rank lower.

c. Determine Service Benefits to be Realized

Service needs can be fully or partially met.
The degree to which service needs are met
may proportionately or disproportionately
affect the benefits to be realized. It is
therefore necessary to analyze all service
needs in terms of benefits to be expected
as a function of degree of service needs
met. This type of analysis will allow the
ranking of service needs by assigning a value
or score to the relationship between: (1) ser-
vice plan contractability, and (2) expected
benefits. Further, this type of analysis
will assist in the comprehensive priority
ranking of all service needs.

d. Set Service Need Priorities

Based on the analysis of proper role, service
need importance, and realizable benefits all
service needs can be ranked in priority order
by department and by functional group.

e. Select Highest Priority Service Needs

From a practical administrative point of view,
detailed service plans cannot and should not
be developed for all service needs. Based on
a joint department CAO team judgment (including
a summary cost analysis) service plans should
be prepared only for high priority service needs.

C. PHASE II -- DEVELOP SERVICE PLANS (Tasks Number 18-31
of Implementation Plan)

In response to existing and estimated future service
needs, service plans should be developed which specify
how and to what degree selected high priority service
needs would be met. The Services Planning and Analysis
System will include this capability. The SPAS will also
include the capability of evaluating and ranking the
service plans which are developed.

1. Determine How to Meet Service Needs

a. Identify Desired End Result

What must occur, and/or be produced to meet the
service need? For example, the service need may

be to save the lives of kidney failure
patients. However, this service need can
be partially met in that the patient's
life can only be prolonged under existing
technology and medical understanding.
Further, due to facility limitations, the
desired end result which would satisfy this
need may be: "Extend the life span for two
years for those patients exhibiting certain
characteristics."

b. Develop Service Delivery System

A service delivery system is the complete
process(es) by which the desired end result
(objective) is achieved. Questions concerning
where, when, how often, and for/by whom must
be answered.

c. Determine Additional Resources Required

Additional resources which may be required
are determined by comparing existing resources
to the total resources which are required
to implement the services delivery system and
achieve the desired end results. "Resources"
include: staff, service and supplies, equip-
ment, facilities (owned/leased) and support
services (e.g., data processing, building
maintenance, etc.)

d. Determine Other Changes Required to Meet
Service Need

To implement the service delivery system(s),
are changes required in: organization,
administrative procedures, policies (County/
department), law, regulation, etc.?

2. Determine Consistency, Compatibility and Desirability
of Service Plans

Within the framework of existing County policies,
all service plans will be analyzed for consistency,
compatibility and desirability. Are all service
plans: a) logically consistent and based on con-
sistent assumptions, b) compatible in terms of service
delivery methods, and end results, and c) desirable
in terms of acceptability of end results, and how
they will be achieved?

a. Analysis of Service Plans by Department

   1. Determine Consistency of Service Plans

       Each department must analyze its service
       plans to determine the consistency of
       assumptions among all intradepartmental
       service plans. For example, Service Plan
       A may be based on the assumption that the
       size of a target population will double
       in the next three years, while Service
       Plan B is based on the assumption that the
       size of the same target population will
       remain static.

   2. Determine Compatibility of Service Plans

       Each department must also analyze its
       service plans to determine intradepartmental
       service plan compatibility in terms of
       service delivery methods and end results.
       For example, Service Plan A will require
       the use of numerous decentralized service
       centers, while Service Plan B will require
       the use of a central office. In terms of
       County policy and/or administrative re-
       strictions, service delivery systems
       described in these service plans may be
       incompatible. Further, Service Plan A may
       seek to increase the number of arrests,
       while Service Plan B may seek to reduce
       the number of confinements; hence, Plan A
       and B may also be incompatible in terms of
       end results.

   3. Determine Desirability of Service Plans

       Departments must analyze service plan
       desirability by evaluating the acceptability
       of end results sought and methods to be used.
       Acceptability is defined as a function of
       the expected reaction(s) from: Board of
       Supervisors, CAO, general public, pro-
       fessional groups in the field, other levels
       of government, courts, etc.

4. **Set Preliminary Priorities Between Service Plans**

Based on determinations of service plan consistency/compatibility/desirability, relative importance of service needs and benefits to be expected from meeting service needs, departments must rank their service plans in a preliminary priority order. These priorities are preliminary in that they are based on substantive and procedural considerations. More than likely, these preliminary priorities will change when financial restrictions are considered.

b. **Central Staff Analysis of Department Service Plans**

The above steps are repeated by the CAO from a functional group (e.g., Justice System, Health Services, etc.) point of view. Other central staff agencies may also review the preliminary priority ranking of service plans to evaluate specific aspects, e.g., County Counsel for legality of proposals.

c. **Determine Feasibility of Service Plans**

Service plans may be consistent, compatible and desirable but not feasible due to: constraints beyond the control of the jurisdiction which developed the service plan, or financial reasons, i.e., cost and revenue considerations. The Services Planning and Analysis System will include a capability to determine the feasibility of service plans, and to rank service plans in terms of feasibility. As in the determination of service plan consistency, compatibility and desirability, this feasibility analysis is performed at both the department and CAO levels.

1. **Identify Outside Feasibility Constraints**

The following tasks must be clearly distinguished from the task of identifying which service needs properly fall within the purview of County government. The former identifies what counties ought to do; these tasks identify how restricted counties are in doing what they should do.

a. Identify Governmental Constraints

Existing or planned governmental programs
at the local, regional, State or Federal
levels may constrain County service plans
by: producing incompatible results, using
incompatible methods, creating unfavorable
public opinion, limiting available methods
for County implementation (e.g., legal
restrictions or regulatory restrictions),
etc.

b. Identify Private Sector Constraints

Private agencies may be providing or may
seek to provide services which overlap
services provided by government. Existing
or planned private agency service programs
may constrain County service plans by:
producing incompatible results, using
incompatible methods, affecting public
opinion or support, etc.

2. Identify Financial Considerations

a. Determine Additional Costs Involved

Costs need to be estimated for: 1) addi-
tional required resources; and 2) other
needed changes. Costs should be estimated
for the entire period covered by the
service plan(s), and should contain stan-
dard factors for future: 1) salary increases,
2) employee benefit increases, 3) increases
in support and overhead costs, 4) increases
due to inflation for supplies/equipment/
construction, etc.

b. Determine Service Plan Generated Revenues

Due to the nature of the service provided,
the implementation of some service plans
will generate revenues through: user
fees, fines, subventions, grants, contri-
butions, etc. Service plan generated
revenue may then be used to offset addi-
tional costs to determine net service
plan cost.

c. Determine Cost-Benefit Relationships

Estimates of service plan generated
revenue are used to offset estimates
of estimated additional costs to
determine estimated net additional
County cost. By further estimating
benefits in quantifiable terms, net
County cost-benefit relationship(s)
can be developed.

3. Identify Administrative Constraints

a. Determine Impact of Organizational and
Procedural Changes Required

To be fully implemented, some service
plans will require extensive organizational
and/or procedural changes, others will
require little change. The degree of
change required needs to be analyzed in
terms of how the required change(s) will
affect the effectiveness and efficiency
of service delivery.

b. Determine Impact of Other Administrative
Changes Required

Other administrative changes such as
changes in law or regulatory restrictions
may be needed to implement a service plan.
These kinds of changes may have an impact
in terms of when a service plan can be
made operational.

4. Define Scale(s) and Rank Service Plans

As outlined above, the feasibility of a
service plan is a function of: outside
feasibility constraints, and financial and
administrative considerations. Each service
plan would be ranked within each set of factors,
weights assigned to the resulting three rank-
ings, and then a combined ranking determined
by combining the three weighted scores. This
ranking process would be completed at both
the departmental and CAO levels.

3. Determine Non-Service Plan Associated Revenues

Some service plans generate sufficient revenues
to offset costs, while others generate partially
offsetting revenues or no revenue at all. In
balancing total service plan funding requirements
with total funding capabilities, it is therefore
essential also to determine those revenues not
generated by service plans. The Services Planning
and Analysis System will include the capability of
identifying these revenues.

a. Identify Sources of Revenue

1. Existing Sources of Revenues

Existing County budget would be reviewed
to determine and categorize, in detail,
all sources of non-service plan generated
revenues.

2. Potential Sources of Revenue

Other sources of non-service plan generated
revenues would also be identified. This
would involve: 1) monitoring developments
in taxing concepts and methods across the
Country, 2) consulting with economic re-
search institutions, 3) following pending
legislation, etc.

b. Identify and Analyze Factors Affecting Amounts
of Non-Service Plan Generated Revenue

1. Identify and Determine Interrelationships of
Substantive Factors

The major categories of non-service plan
associated revenues are: general taxes,
licenses and permits, fines-forfeits-penalties,
and revenue from use of money and property.
Substantive factors which affect the amount
of revenue generated in these categories
(number of people forfeiting funds, interest
rates, etc.) need to be identified as well
as how the factors interrelate.

2. **Identify and Determine Interrelationships
    of Policy and Procedural Factors**

    Policies (i.e., decisions about what funds
    will be made available to the County) and
    procedures (i.e., decisions about computation
    and/or distribution formulas) determine how
    much of the total generated funds are dis-
    tributed to the County. In other words,
    substantive factors may result in $1 million
    being generated by tax A, but policy and/or
    procedural decisions may result in only
    $500,000 being made available to Los Angeles
    County.

c. **Estimate Amount of Current and Anticipated
    Non-Service Plan Associated Revenues**

    1. **Project Revenues**

        Based on amounts of revenue actually received
        over the past few years and assuming a con-
        tinuation of existing trends (factors, policies,
        procedures), estimates of future revenue would
        be made.

    2. **Forecast Revenues**

        Based on assumptions concerning how future
        factor/policy/procedure changes may affect
        how revenues are generated and distributed,
        estimates of future revenue are made.

4. **Analyze and Synthesize Individual Service Plans into
    County Master Services Program Plan**

    Given all individual service plans which are feasible,
    estimates of service plan costs/revenues, estimates
    of non-service plan generated revenues, the County
    Services Planning and Analysis System will include
    the capability of synthesizing individual plans into
    a County Plan. Key factors which must be considered
    in the synthesizing process are: a) balancing of
    total County funding requirements and funding capa-
    bilities, and b) comprehensive ranking (i.e., priority
    setting) of all service plans.

    a. **Rank Service Plans on a County-wide Basis**

        Earlier in the services planning process, all
        service needs and the resulting service plans

were ranked by department and CAO functional
group for the following:

-- Importance of service need and expected
   benefits

-- Consistency, compatibility, and desir-
   ability

-- Feasibility (i.e., outside, financial,
   and administrative constraints) of service
   plans

By a similar evaluating, weighing and ranking
process: a) these three service plan priority
listings would be combined into a single priority
listing by CAO functional group; and b) the re-
sulting several functional group priority list-
ings combined into a County-wide priority list-
ing.

b. Develop Service Plan Model(s)

The County-wide priority listing of service
plans reflects those changes which would most
likely occur in basic factors such as County
population growth and demographic pattern, etc.
If these basic factors change in other than the
most likely manner, the priority ranking of
service plans also will probably change. To
determine how the County-wide priority ranking
may change, it is necessary to develop a model(s)
which relates these basic factors to the County-
wide priority listing of service plans. By using
the model(s) and varying the basic factors,
alternative County-wide service plan priority
listings can be produced.

c. Determine Annual Funding Limits for Service
   Plans

Annual funding limits would be determined for
every priority ranked service plan. Indirectly,
by determining a funding limit, we are also
setting financial priorities between service
plans. These funding limits will provide the
policy framework within which: departments will
prepare annual budget requests, and CAO staff
will analyze those requests during the regular
annual budget cycle. The County Services Planning
and Analysis System will include this capability.

1. Determine Net County Costs of Each Priority Ranked Service Plan

   This would be a simple administrative task of matching the net County service plan costs previously identified and the County-wide priority listing of service plans.

2. Compare Net County Cost(s) to Non-Service Plan Generated Revenues

   The County can finance the net County cost of priority ranked service plans up to the amount of funds generated by non-service plan revenues. To determine which service plans are to be financed, it would be necessary to compare the above net County cost listing to the amount of non-service plan generated revenues.

D. PHASE III - DEFINE SERVICE PROGRAMS (Tasks Number 32-39 of Implementation Plan)

   Related service plans would be combined into programs to facilitate budgeting, monitoring and control, and evaluation. As used here, the term "program": 1) may be intradepartmental, interdepartmental, or within or across functional groups, 2) may refer to a group of service plans which are related as to end result, target population, means of delivery, etc., and 3) may require organizational change (e.g., creation of agencies, etc.). The County Services Planning and Analysis System will include this capability.

   1. Definition of Intradepartmental Service Programs

      Based on guidelines prepared by CAO, departments group service plans (which have been reviewed by the Board of Supervisors as part of the County Master Services Plan) into intradepartmental Service Programs. These Service Programs then become the building blocks for definition of interdepartmental County-wide Service Programs.

   2. Definition of Interdepartmental Service Programs

      County-wide Service Programs would be defined by combining departmental Service Programs. In and of themselves, Service Programs (either departmental

or County-wide) do not have a priority. Only individual Service Plans have a priority. Service Programs are used as convenient categories of Service Plans for program and financial planning by central staff agencies.

II. OBJECTIVE #2: MONITOR SERVICE PLANS

Service plans should be revised periodically to reflect changes in the need for a service, and how the service plan is being carried out. Hence, the County Services Planning and Analysis System will include the capability of monitoring service plan expenditures, workload and output. The Financial Management Information Program (FMIP) proposed by the Auditor-Controller will provide this capability.

III. OBJECTIVE #3: EVALUATE SERVICE PLANS

Service plans and the County Master Services Program Plan should be revised periodically based on an evaluation of Service Plan performance. Specifically, the County Services Planning and Analysis System will include the capability of evaluating service plan effectiveness (i.e., how well service needs are met), and efficiency (i.e., how well the service plan was carried out).

A. Departmental Evaluation of Service Plans

Plans are developed to satisfy service needs. Today, most evaluations focus primarily on inputs and the management process, rather than on whether the plan is accomplishing its intended purpose.

Service Plan evaluation is a process for determining whether a program is achieving government objectives, and for determining the positive and negative impacts of how the objectives were achieved.

1. Identify Actual Objectives

Prior to any evaluation, actual objectives or purposes as evidenced through implementation must be identified. Stated objectives might be quite different from formal objectives previously identified. For example, the stated objective of a transportation service plan might be "To provide access to community services, facilities and

employment in a safe, quick comfortable, and
convenient manner for all segments of the
community without causing major harmful side
effects." In practice, the service plan designed
to achieve this objective might have totally
disregarded major portions of the stated objective.

2. <u>Specify Criteria for Evaluation of Service Plans</u>

For example, the evaluation criteria for the above
objective might be:

a. Accessibility and convenience
b. Travel time
c. Comfort
d. Safety
e. Maintenance of Environmental Quality

3. <u>Identify Population Segments that are Affected</u>

Different groups may be affected in different
degrees. It is important to identify these specific
groups and to collect data concerning how they were
affected. For example, an "average" crime rate or
average "family-income" for the entire County will
not adequately reflect possible major differences
that may exist among segments of the population.

a. <u>Identify Intended Impacts</u>

Each service plan will have some groups that
are the <u>intended</u> beneficiaries, i.e., clients
of the service.

b. <u>Identify Other Impacts</u>

Each service plan is also likely to have certain
other groups, though not intended beneficiaries, who
are nevertheless affected significantly.

4. <u>Identify Total Cost and Compare to Results</u>

Actual net costs when compared to actual results
provides one means for measuring cost-effectiveness
(by comparing to estimated cost-effectiveness as
set forth in the <u>service plan</u>), and cost-benefit
relationships (by comparing to estimated cost-benefit
ratios identified in the <u>service plan</u>). In other

words, this step involves comparing actual to planned performance.

B. Central Review of Evaluation Studies

To achieve reasonable objectivity, there should be some control of the evaluation by an office other than the one directly responsible for carrying out the service plans. Central staff review would involve:

1. Reviewing methods of evaluation

2. Comparing cost/effectiveness ratios with other service plans

3. Suggesting expansion, modification, reduction, or elimination of service plans

CMD.
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